



Heritage Foods (India) Limited


Directors

Sri D Seetharamaiah	
Sri N P Ramakrishna	
Sri S N Daga	
Dr N R Siva Swamy	
Smt N Bhuvaneswari	Executive Director
Dr V Nagaraja Naidu	Whole-Time Director

Senior Executives

Sri E N Rao	President
Sri K Durga Prasada Rao	Vice President
Sri T Venkateswara Rao	DGM (Processing & Engineering)
Sri A Jeevaratnam Naidu	DGM (Procurement & Inputs)
Sri M Viswanatham	DGM (Marketing)
Sri A Prabhakara Naidu	Sr. Manager - Finance & Accounts
Sri P A Sessa Sai	Manager - Personnel & Administration
Smt P Karuna	Assistant Company Secretary

Auditors

M/s. Raju & Prasad, Chartered Accountants
G-15, "Sapphire", Amrutha Hills, Panjagutta, Hyderabad - 500 082

Bankers

Bank of Baroda, S A F Branch, Saifabad, Hyderabad
Andhra Bank, Gaganmahal Branch, Gaganmahal Road, Hyderabad

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Heritage Foods (India) Limited



Registered Office 6-3-541/C, Panjagutta, Hyderabad - 500 082

Plants	Dairy - "Gokul", Tirupati- Chittoor Road, Kasipentla, Chandragiri Mandal, Chittoor Dist. A.P	Narketpally, Hyderabad- Vijayawada Highway, Cherugattu Village, Nalgonda Dist. A.P
	Sundarajapuram, E R Palte Post, Chittoor-Puttur Road, Chittoor Dist.	Bayyavaram Village, Anakapalli Taluk, Vijayawada-Vizianagaram Highway, Vizag Dist. A.P
	Yerraguntla Village, Piler-Tirupati Road, Piler Mandal, Chittoor Dist.	Uthangarai Koorsampatti Village, Uthangarai Taluk, Dharmapuri Dist.Tamil Nadu
	Basinikonda Village, Madanapalle-Punganur Road, Madanapalle Mandal,Chittoor Dist.	Muppavaram, Bythamanjaluru Post, J Panjaluru Mandal, Prakasam Dist.A.P
	Shantipuram Village, V Kota Road, Chittoor Dist.	Darsi, Darsi-Addanki Road, Darsi, Prakasam Dist.
	Tiruvannamalai, Tiruvannamalai- Chennai Road, Somasipadi, Tiruvannamalai Dist., Tamil Nadu	Atmakur, Nellore-Cuddapah Road, Atmakur Post, Nellore Dist. A.P

Listed with The Hyderabad Stock Exchange
The Stock Exchange, Mumbai
The National Stock Exchange
The Madras Stock Exchange

Share Transfer Agents M/s. Karvy Consultants Limited, Karvy House, 46 Avenue 4, Street
No.1, Banjara Hills, Hyderabad - 500 034

Heritage Foods (India) Limited



NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Members of M/s. **HERITAGE FOODS (INDIA) LIMITED** will be held on Wednesday, the September 22, 1999 at Hari Hara Kala Bhavan, Sardar Patel Road, Secunderabad at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 1999 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To declare a Dividend for the year ended March 31, 1999.
3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Dr N R Siva Swamy, who was appointed an Additional Director of the Company, under Article 96 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by virtue of Section 260 of the Companies Act, 1956, but being eligible offers himself for re-appointment, and in respect of whom the Company has received a notice in writing from a shareholder proposing his

candidature for the office of Director pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company."

4. To elect a Director in place of Sri S N Daga, who retires by rotation, but does not seek re-appointment and hence the vacancy be not filled.
5. To appoint Auditors of the Company.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s.Raju & Prasad, Chartered Accountants, Hyderabad, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors of the Company in consultation with them."

By Order of the Board
for **Heritage Foods (India) Limited**

Date : August 19, 1999
Place : Hyderabad

N Bhuvaneshwari
Executive Director

Heritage Foods (India) Limited



NOTES

1. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item no.3, as set above, is annexed.
2. **A Member entitled to attend and Vote at this Meeting is entitled to appoint one or more Proxies to attend and Vote on Poll, instead of himself. The Proxy need not be a Member of the Company. The Proxy, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
3. The Register of Members and the Share Transfer Books of the Company will remain closed from September 16, 1999 to September 22, 1999, both days inclusive.
4. The dividend on shares, as recommended by the Board of Directors, if declared at this Meeting, will be made payable on and after November 2, 1999, to those Members or their mandates whose names appear in the Register of Members of the Company, as on September 22, 1999.
5. The Register of Directors shareholdings shall be kept open for inspection of any Member of the Company, during the period beginning, 14 days preceeding the date of the Annual General Meeting and ending 3 days after the date of its conclusion. The Register shall also be open and accessible during the continuance of the Meeting, to any person having a right to attend the Meeting.
6. Members are requested to notify immediately change of address, if any, to the Company's Share Transfer Agent, M/s. Karvy Consultants Limited, Karvy House, 46 Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034.
7. The Shares of the Company are listed on the Stock Exchanges at Hyderabad, Mumbai, Madras and at the National Stock Exchange, Mumbai. Pursuant to clause 43A of the Listing agreement with the Hyderabad Stock Exchange, it is informed that the Listing fee for the year 1999-2000 has been paid within the prescribed time limit, to all the said Stock Exchanges.
8. Pursuant to the provisions of Companies unpaid dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, the Unclaimed dividend for the financial year ended March 31, 1995, has been transferred to the General Revenue Account of the Central Government, and the shareholders who have not claimed their dividend for the said financial year may claim their dividend from the Registrar of Companies, Hyderabad, Andhra Pradesh on complying with necessary provisions of the Companies Act, 1956.
9. In view of the amendment made to Section 205A of the Companies Act, 1956, the Unpaid dividends shall be transferred to the "Investor Education and Protection Fund" established by the Central Government, after the expiry of 7 years from the date of transfer to the unpaid dividend account, as follows:

Heritage Foods (India) Limited



Dividend No.	Date of declaration	for the financial year	Due for transfer on
2	25.09.96	1995-96	08.11.2003
3	25.09.97	1996-97	10.11.2004
4	29.09.98	1997-98	09.11.2005

Members, who have not encashed their dividend for the said financial years, may claim or approach the Company or the Company's Share Transfer Agent, M/s. Karvy Consultants Limited, for issue of duplicate Dividend Warrants or revalidation of the Dividend Warrants, as the case may be.

11. In order to service the Shareholders effectively and for administrative convenience, Members are requested to

notify to the Company's Share Transfer Agent immediately, regarding multiple folios standing in their names, for consolidation of folios.

12. Members desiring any information regarding the accounts are requested to write to the Company, atleast seven days before the date of the meeting, to enable the management to keep the information ready at the Meeting.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956, the following Explanatory statement sets out all material facts relating to the business under item No.3 of the accompanying Notice dated August 19, 1999.

ITEM NO. 3

Dr N R Siva Swamy was co-opted as an Additional Director of the Company, by the Board of Directors, with effect from August 19, 1999. In terms of Section 260 of the Companies Act, 1956, he vacates office at this Annual General Meeting. Due Notice under Section 257 of the Companies Act, 1956, has been received from a Member, proposing his appointment as a Director of the Company. The period of office of Dr N R Siva Swamy, shall be liable to determination by retirement of Directors by rotation and the requisite consent has been filed by him, pursuant to provisions of Section 264(1) of the Companies Act, 1956, to act as such Director, if appointed.

Dr N R Siva Swamy was formerly the Chairman of the Central Board of Direct Taxes. He is a post graduate in Economics and Public administration and has a doctorate in Economics from the university of Wisconsin, U.S.A. His experience and knowledge in the fields of Taxation and Finance will be of immense value to the Company.

The Directors recommend this resolution for approval of the Shareholders.

None of the Directors of the Company, other than Dr N R Siva Swamy is interested or concerned in this resolution.

By Order of the Board
for **Heritage Foods (India) Limited**

Date : August 19, 1999 **N Bhuvaneshwari**
Place : Hyderabad Executive Director

Heritage Foods (India) Limited



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventh Annual Report and the Audited Accounts for the year ended March 31, 1999.

Financial Results

	(Rs. in Lakhs)	
	1998-99	1997-98
Income	8337.63	6288.88
Expenditure	7386.95	5637.56
Profit before Interest, Depreciation and Tax	950.68	651.32
Less: Interest	135.98	159.15
Depreciation	167.21	150.70
Profit before Tax	647.48	341.47
Provision for Tax	79.40	36.50
Profit after Tax	568.08	304.97
Profit available for appropriation	691.97	386.55

Dividend

Your Directors recommend the payment of a Dividend of Rs.1.20 per share (12%) for the year 1998-99, which pursuant to Section 115-O of the Income tax Act, 1961, is tax free in the hands of the shareholders, which will absorb a sum of Rs.1,42,56,000/- (including tax on dividend payable by the Company).

Computerisation & Y2K Compliance

Your Directors wish to inform that steps are being taken to ensure that all existing operating systems, hardware setup, machinery & equipments in use are Y2K compliant and the Company is currently in the process of implementing business applications developed in ORACLE, both of which are expected to be completed by November, 1999. The Fixed Assets register of the Company being compiled in ORACLE will also be ready by that time. The cost of Y2K compliance is included as part of the Company's regular information technology upgradation programme. Although the Company does not foresee any major impact

due to the Y2K problem, contingency plans are being developed to meet any emergency situation.

Operations

During the year under report, the operations of the Company have increased from Rs.6288 lacs to Rs. 8337 lacs, recording an increase of 33%. Your Directors are also happy to inform that the profit after tax has correspondingly gone up by 86%.

The Company had forged ahead to strengthen its procurement network, commissioning Milk chilling centres at Koorsampatti Village, Dharmapuri District, Tamil Nadu during August'98, Bythamanjulu Village, Prakasam District, A.P during September'98, and at Darsi, Prakasam District, A.P during December'98, as reported in the last years' Annual report. In addition, a Milk Chilling centre has been commissioned at Atmakur, Nellore District, A.P during March'99. The centres have enabled an upsurge in milk procurement.

Your Directors are pleased to inform that the Company's Milk processing unit at Narketpally and the sales & Registered office at Hyderabad, have been recommended for ISO 9002:1994 certification for implementation of quality systems. The Certificate is expected to be received during September, 1999.

Future Plans

In order to meet the growing demand for milk, the Company has proposed to set up new Chilling centres at Madhira, Khammam district, at Santamaguluru and Dachepalli, Guntur District, before the end the current financial year. A proposal to set up a Packing station at Bangalore is also being considered. The Company is committed to provide hygienically processed & packed Milk & Milk Products through upgradation of technologies & systems.

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Directors

Sri S N Daga, Director retires by rotation at this Annual General Meeting, but has not sought re-appointment, hence the vacancy is not being filled. Your Directors wish to record their appreciation for the guidance given by him during his tenure.

Dr N R Siva Swamy, who was appointed as an Additional Director of the Company with effect from August 19, 1999, holds office upto the date of this Annual General Meeting. The Company has received notice from a Member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Sri N R Siva Swamy, as a Director of the Company.

Auditors' & Auditors' Report

M/s. Raju & Prasad, Chartered accountants, retire as Auditors of the Company at the conclusion of this General Meeting and are eligible for re-appointment.

As regards the observations made in paragraph 6(ix) of the Auditors' report dated August 19, 1999, attached to the Balance Sheet and Profit & Loss Account, the Company is taking all requisite steps to recover the amount.

Fixed Deposits

The Company has not accepted any fixed deposits during the year, hence the provisions of Section 58A of the Companies Act, 1956, are not applicable to the Company.

Conservation of Energy/Technology Absorption, Foreign Exchange Earnings and Outgo

Information as per Section 217(1)(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is set out in Annexure-1, which forms part of this Report.

Personnel

Annexure - 2, which forms part of this Report, sets out the information to be given pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

Acknowledgements

Your Directors express their appreciation for the valuable support and assistance provided by the Bankers, Suppliers, Customers and Shareholders of the Company and look forward to their continued support in the years to come. Your Directors also place on record their appreciation for the dedicated services rendered by the employees at all levels of the Company, during the year under report.

By Order of the Board
for Heritage Foods (India) Limited

N Bhuvaneswari
Executive Director

V Nagaraja Naidu
Whole-Time Director

Date : August 19, 1999
Place : Hyderabad